



Department of State

TELEGRAM

~~SECRET~~ 487

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43
ACTION: SS-45:

INFO: OCT-01 SSO-00 1046 W

0881244

P: 271624Z JAN 71

FM: AMEMBASSY TRIPOLI

TO SECSTATE WASHDC PRIORITY 7353: DEPARTMENT OF STATE A/CDC/MR

S: E: C: R: E: T: TRIPOLI 204

REVIEWED BY CJ DATE 6/19/81

EXDIS:

PORTIONS DENIED AS INDICATED

SUBJECT : OIL SITUATION; TRIPOLI NEGOTIATIONS

REFERENCE: TRIPOLI 190.

1. PETROLEUM: INDUSTRY REPI HAS INFORMED EMBASSY THAT INDUS-
TRY COMMITTEE ARRIVING TRIPOLI THIS EVENING AND HAS APPOINT-
MENT TO MEET WITH LARG OIL NEGOTIATORS JALLUD, MABRUK AND
QIBLAWI TOMORROW MORNING (JANUARY 28) AT 1100 LOCAL. COM-
MITTEE'S PURPOSE WILL BE TO PRESENT OFFER, PARALLEL TO THAT
TO BE TABLED AT SAME TIME IN TEHRAN, AND TO OBTAIN LARG'S
REACTIONS. COMMITTEE IS TO MAKE "PRESENTATION" RATHER
THAN TO INITIATE "NEGOTIATIONS."

2. PROPOSAL IS TO INCLUDE: A) UPWARD ADJUSTMENT OF POSTED PRICE, B) LINKAGE OF POSTED PRICES TO INFLATION INDEX, AND C) TRANSPORTATION ALLOWANCE - BUT DOES NOT INCLUDE PROPOSALS FOR SATISFACTION OF LARGE'S DEMANDS FOR 5 PERCENTAGE POINT INCREASE IN TAX RATE, MANDATORY REINVESTMENT, ACCELERATION OF PAYMENTS, AND SUPPLY OF COST CRUDE AND GAS FOR LOCAL CONSUMPTION AND PROCESSING.

3. INDUSTRY RESEARCH

EXPRESSED INDUSTRY'S VIEW THAT OFFER IS BEING MADE TO PROVIDE SPECIFIC BASIS FOR FUTURE NEGOTIATION AND TO SERVE INDUSTRY'S STRATEGY OF MAINTAINING LINK BETWEEN TRIPOLI AND TEHRAN TALKS -- WITH PRIMARY OBJECTIVE OF ACHIEVING SETTLEMENT IN GULF WHICH CAN BE EXTENDED TO MEDITERRANEAN.

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OIL EXPORTERS GP-2
PALMER

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